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SUBJECT: Nepal's Local Officials Stay Home as PM Allows  
Terms to Lapse

1. (SBU) Summary. Nepal's government allowed the terms of local-level elected officials to lapse on July 16, a move affecting around 200,000 village-, municipality- and district-level politicians. Civil servants reportedly will be tasked with performing their functions. The terms expired after local elections slated for this spring were postponed for security reasons and the Election Commission disallowed the ruling party from appointing its cadres to the offices. The main opposition party, which controls a majority of the local bodies, blasted the move as a politically motivated tactic to ensure ruling party success in the upcoming national elections. Observers believe that in many areas the local bodies were already barely functioning due to security problems and central government neglect. The move sends mixed signals and will make it difficult to implement some grassroots development programs. The action is legal under Nepal's Constitution. End Summary.

Local Officials' Terms Allowed to Lapse  
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2. (SBU) Nepal's government declined to extend the terms of locally-elected officials, all of which expired at midnight July 16. These include office holders in Nepal's 75 District Development Committees (DDCs), 58 municipalities and 3913 Village Development Committees (VDCs). According to the National Election Commission, altogether 189,134 elected officials were affected; the Ministry of Local Development put the number at over 223,000. [Note: The bulk of these serve at the VDC level. Each VDC elects a total of 47 individuals, including a VDC Chairman and Vice-Chairman. VDCs are divided into nine wards, each of which elects a Ward Chairman plus four members. End Note.] Local elections, slated for earlier this year, were postponed due to security problems related to the ongoing Maoist insurgency. By law, the elections can be postponed for only one year and thus must be held no later than July, 2003.

Ruling Party Stopped from Appointing New Local Leaders  
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3. (SBU) The Prime Minister Deuba-led interim government had wanted to appoint its own candidates to serve during a one-year extension of local-body tenures, but backed off after the National Election Commission indicated that it would disapprove such a move. Donors have not been pleased with the PM's decision to let the local bodies lapse; the British development agency expressed "concern," while the World Bank's Kathmandu office sent a letter to the Prime Minister asking him to consider not suspending the bodies.

Government Confident: Can Still Deliver Goods  
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4. (SBU) Ministry of Local Development Joint Secretary Ganga Datta Wawasti told us on July 17 that although the tenures of local officials had ended and could not be reinstated, the government had not yet designed specific mechanisms for doing the work performed by local bodies. These duties include registering births and deaths, collecting taxes, and providing letters needed to acquire citizenship certificates and other official documents from the central government. Wawasti was confident that the bureaucracy could perform these functions, however.

This Year Clear, Planning for Next Year a Problem  
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5. (SBU) The coming year's budgets and programs have already been approved for most jurisdictions, he added, and their implementation would not cause a problem. The crunch would come when the time came to formulate budgets and programs for the following year. This planning process would present "a big problem," said Wawasti. [Note: The major role of VDCs is to administer village-level development activities. End Note.]

## No Steps Yet to Combine Elections

16. (SBU) Wawasti admitted the possibility that local elections could be held concurrently with national elections, which are planned not later than November 13, but added that the government was not yet considering that option. To stage a combined election would require many more resources, Wawasti continued. For example, three ballots would be needed--one each for ward, VDC (or municipality) and Parliamentary representatives--and many more polling places would be required. Moreover, the accounting system used in local elections is significantly different from that used in national polls. All things considered, however, a combined election likely would be more economical provided that security problems did not inflate the budget, Wawasti concluded.  
Current Regulations Sufficient

17. (SBU) Wawasti dismissed as erroneous press reports that the government plans to issue an ordinance allowing bureaucrats to perform all the duties of the elected officials they are to stand in for. Refuting claims that some powers wielded by local officials cannot be transferred without a new law, Wawasti said that existing law gave the government authority to decide on alternative local administrative mechanisms and implement them through regulations.

## Opposition Party Angered By Move

18. (SBU) The decision to dissolve the local bodies was politically motivated, complained the main opposition party, the Communist Party of Nepal-United Marxist Leninist (CPN-UML). [Note: CPN-UML controls a majority of the local-level bodies, including about 2300 VDCs, 44 municipalities and 51 DDCs. End Note.] Jhala Nath Khanal, head of the CPN-UML's international relations department, told us that his party was "very unhappy" with the move. Khanal claimed that both the Prime Minister and Home Minister had told him that because the last local elections had been held during the tenure of CPN-UML leader Bamdev Gautam as Home Minister, local bodies were being dismantled in advance of this year's national election. The Election Commission's Code of Conduct was the only thing that prevented the ruling Nepali Congress Party (NCP) from putting its local cadres in control of these jurisdictions, Khanal alleged.

19. (SBU) According to the constitution and relevant laws, Khanal said, the government could extend the terms of local officials for up to one year. It could also call new local elections to fill the positions. To do either would have been acceptable to the CPN-UML. Deuba's decision to disband these bodies will create many problems of local governance, Khanal believes, and will also likely work against the PM in the long run. Deuba should now be consolidating his power, but instead he has opened doors that will allow his opponents to gain ground.

## Local Bodies Were Already On the Ropes

10. (SBU) That the political left dominated most local bodies was the prime reason behind the government decision, the editor of Nepal's official English-language daily told us. The editor was reserving judgement on the move, noting that in some areas local bodies had already ceased functioning due to the deteriorating security situation. He planned to wait for a few days to see how civil servants performed in their new roles.

11. (SBU) Other contacts confirmed that local bodies were already barely functioning. One journalist who travels frequently to remote areas noted that central government representatives have already deserted many of the places he visited. Without the locally-elected representatives, there will be no government at all, he stated. Another embassy contact noted that nearly three-fourths of VDCs were already without Secretaries, the civil-service officials who are assigned to work with VDCs and who have been tapped to fill the roles of elected VDC Chairman. In most areas the VDC Secretaries left their posts long ago due either to fear or to conflicts with local people; in others, the posts were simply never filled.

## Comment

12. (SBU) While constitutional, the government's decision to dissolve local bodies sends mixed signals. Efforts to nudge Nepal toward a more decentralized government-led effort to address the root causes of the violent Maoist

insurgency have begun to make headway. But an already over-stretched, under-financed bureaucracy--struggling to overcome traditional corruption and inertia--will find it hard to move on key development and governance initiatives in a rural Nepal with which it has only a passing, distant familiarity and no institutional links. Much will depend on how long the central government allows the local positions to lie vacant before holding local elections.

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